

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

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Department of the Treasury

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

C = Scholarship Program
D = Scholarship Program
E = Scholarship Program
F = Scholarship Program
G = Scholarship Program
H = Scholarship Program
J = Scholarship Program
K = Scholarship Program
M = Scholarship Program
O = Scholarship Program
P = Scholarship Program
Q = Scholarship Program
R = Scholarship Program
T = County
U = County
V = School
W = Medical Center
X = Board
Y = State
z dollars = Amount
cc dollars = Amount
dd dollars = Amount
ee dollars = Amount
ff dollars = Amount
gg dollars = Amount
hh dollars = Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are

a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

Your letter indicates you will operate various scholarship programs. The overall purpose of the scholarships is to provide financial support to individuals working toward a degree in health care or related fields, including nurses, technicians and doctors. The scholarship recipients must be employees at hospitals in P and Q counties in the State of U or enrolled in a degree program at R, a local nursing school.

Publication of the scholarship programs is through your website, annual presentations at R, application packets provided to the students upon enrollment at R and informational e-mails to local hospitals for dissemination to employees.

The selection criteria for the scholarships include demonstrated academic ability and desire, character, good citizenship and economic necessity. Applications and supporting documentation are required for all programs and recipients must re-apply each year demonstrating that they continue to meet the requirements of the specific scholarship program. Recipients may not be related to members of the selection committee or any "disqualified person" of your organization. For all scholarship programs, amounts are based on available funds.

Each scholarship program has its own selection committee of healthcare professionals who are not in a position to create a conflict of interest or receive a private benefit in the selection of recipients.

The B program is for the benefit of aspiring students in the health services. The committee will award scholarships to select individuals who are pursuing a career in a health related profession This scholarship is open to all employees of hospitals in P and Q counties pursuing health related education. The scholarship amount is w dollars – y dollars per semester. The B committee meets twice a year.

The C program assists individuals with some of the costs involved in pursuing a license or degree in nursing and to help alleviate the shortage of nursing in the region. The

committee provides scholarship to licensed vocational nurses, resident nurses and candidates seeking Master's levels nursing degrees in P and Q counties. The scholarship amount is x dollars per year for licensed vocational nursing (LVN) students and z dollars per year for advanced nursing degrees.

D offers nursing scholarships in the local region to assist in alleviating the nursing shortage in this area. Funds have been given to individuals pursuing their LVN degree at R. The amount of the scholarship varies, but it was cc dollars to LVN students last year.

E was created to provide one scholarship annually to an LVN student who meets the criteria. This is selected by a committee and given to a student at R. The amount of the scholarship is v dollars.

F provides two scholarships annually to two LVN students who meet the criteria. Awards are determined by a committee and given to a student at R. The amount of the scholarship is x dollars.

The G scholarship is awarded to the LVN student who has the highest clinical achievement for the year at R. The amount of the scholarship is x dollars.

H was created to provide assistance to students seeking certification in hospice or palliative care. The amount of the scholarship is v dollars given at various times, depending on application submission.

J is awarded to a graduate who has successfully obtained licensure from T and intends to pursue an Associate, Bachelor's or Master's Degree in nursing. The amount of the scholarship is x dollars (advanced degrees) and z dollars (Bachelor of Science Nursing BSN).

K promotes continuing education for obstetrical nursing personnel of S. It is open to all qualifying personnel at hospitals in P and Q counties. The amount of the scholarship is x dollars per semester.

L scholarships are given to the top four academic students at R in the amount of z dollars.

Four M scholarships in the amount of bb dollars are given to two LVN students who demonstrate outstanding clinical achievement especially to elderly patients and two LVN students who meet academic scholarship standards.

N scholarships in the amount of z dollars are awarded to students in financial need at R.

The O scholarship in the amount of v dollars is given to a student at R who has a history of community service.

You represent that you will complete the following: (1) arrange to receive and review

grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.

- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
 - You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.
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Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements